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MONORY INTERVIEWED ON ECONOMIC STABILIZATION EFFORTS

Paris LE FIGARO in French 2 Aug 79 pp 1,7

[Interview with Rene Monory, Minister of Economy, by correspondents Yves Guihannec and Pierre Zapalski: "The Reward of Effort"; date and place not given]

[Text] When you return from vacations, it will be difficult, the prime minister had already warned the French at the beginning of summer. Rene Monory confirms it today with FIGARO: The new petroleum crisis demands a new stage in the austerity policy inaugurated in September 1976. In the next 2 years, the income of all Frenchmen will not increase faster than the rise in the cost of living.

If, as the government has affirmed several times, an effort is authorized for the less privileged classes, that will mean that the others' purchasing power will be reduced.

More especially as social security reform is reflected in an additional tax on all contributors, that is to say, on all those covered by social insurance, except the liberal professions which, it is true, have already agreed to increased contributions.

Of course, social security reform was inevitable for a long time. Rene Monory expects, from the measures adopted, the salvation of liberal medicine and the

continuation of a system which the French appreciate. However, the price of the effort is high.

[Question] Many Frenchmen are on vacation now, but before they left, they were warned: They will have to make new sacrifices on their return. Your words and those of the prime minister on the necessary stabilization of wages have caused some alarm. What measures do you actually contemplate?

[Answer] I would like, first of all, to express my philosophy explicitly. I favor free enterprise and the growth of a competitive and responsible economy. Consequently it is not a question of forceful intervention. We have not abolished price control to introduce wage control. No, we are proceeding by way of suggestion.

How does the problem really appear? For 5 years the countries producing raw materials and more especially petroleum, have increased the price of these products very substantially: They have again made a decision in this respect. Consequently they have, in fact, made a levy on French purchasing power. This levy must unavoidably affect its growth.

During recent years, France has maintained a much more favorable growth of purchasing power than countries like the FRG, England or the United States. However, at the same time, our enterprises have had much more difficulty in reorganizing, because they had to bear themselves the burden of the levy on the national income. The new petroleum crisis will probably express itself in an additional levy, since 1979 about 15 billion for nothing but petroleum and for 1980, some 30 billion.

We must not sacrifice today's enterprise to protect France's ability to face international competition in the period 1980-1990. Having made this analysis on the level of the Ministry of Economy, we say to the heads of enterprises and to Frenchmen: "Look, we must be conservative about the increase of purchasing power for a certain period."

I believe that a comparison will allow us to understand my reasoning better: When you break a leg, you can decide to begin walking again very soon: You then risk being crippled all your life: You can be more discreet and remain inactive a

fairly long time so that the bones reset: Then the accident is only a bad memory.

Stabilizing French purchasing power to lessen the effect of the petroleum crisis is choosing the reasonable solution. Burdening the enterprises with the levy means dooming our economy and our children's economy to lameness. We must recommend the sensible solution.

[Question] Does this recommendation consist in saying that wages must not rise faster than prices or the total gross domestic product?

[Answer] They must not increase faster than prices. We need the surplus, that is to say growth, for investment and to reduce inequalities.

Our recommendation was poorly interpreted: One wanted to claim that I did not take into account the changes taking place in enterprises. It goes without saying that it is a question of the increase of wages at real constant values.

[Question] But in this system, do you not penalize the productive enterprises which could pay their workers better?

[Answer] I do not believe that there is the opportunity for the head of an enterprise to say: "I am well situated, I can pay any price." Even if you are well situated, in 2 or 3 months, you are not at all sure of being so. It is necessary to think more and more in terms of the future. We need strong enterprises, capable of insuring by investment their competitiveness, in a world where competition continues to increase; in fact, the level of employment in coming years depends on this competitiveness.

[Question] A second aspect of this recommendation: Are you going to encourage the lowest wages and freeze the highest? Where do you place the limit?

[Answer] I have never attempted to set rigid standards. In fact, I ask myself two questions. On one hand, do key personnel concentrate their demands mainly on material rewards? Are personnel not interested in gaining more and more responsibility in the enterprise?

The Purchasing Power of Key Personnel and Workers

On the other hand, is it not fair, when the cake is limited, to reserve it for those who need it the most? The cost of heating in a HLM [Low-cost Housing Program] or a private home occupied by a worker with a modest wage, is it not harder to bear than that of the key worker who earns more, even if the latter's house is larger? I am going to give a recent figure: From October 1977 to October 1978, the purchasing power of key workers increased slightly more than that of the workers. The problem of key workers is brought up today continuously. You may well believe I am convinced that a France without key workers would be a France without resilience. But do not forget the unskilled workers, who are also indispensable for the good health of our economy and our country.

[Question] But the restrictions on purchasing power would only affect the wage earners?

[Answer] There is no reason why those who have more control of their incomes than the wage earners should not comply with the same measures. I remind you that last year, I supported in parliament the bill which increased the compulsory tax on some income from financial investments from 33 1/3 percent to 40 percent.

[Question] If the gap is not closed between unskilled workers and key workers, does that mean that your policy, which proclaimed a reduction of inequalities, has not been effective?

[Answer] There are two things. On the one hand, the wages paid by the enterprises, on the other hand, the redistribution made by the state. It is necessary to take this redistribution into account.

[Question] Then, the statistics which you alluded to, mean before redistribution?

[Answer] The very substantial efforts authorized by the state on behalf of redistribution have helped in recent years to reduce, perhaps not as much as would be desired, but to reduce the inequalities among the French.

[Question] Do you think, as regards the income of non-wage earners that the majority have done everything to be convincing

about their desire to reduce inequalities. What do you think, for example, about the way in which the Blot-Meraud Ventejol report was buried?

[Answer] This report is not buried. In the Blois program, the government has promised a study on inheritance taxation. This study has been completed and submitted to parliament for debate.

[Question] You are going to try to stabilize wages to give the enterprises more freedom to invest. They have already begun to build up their own funds. Nevertheless why does private investment continue to languish?

[Answer] We have first decontrolled industrial prices and without unfavorable changes in prices, the enterprises' situation has improved in the field of self-financing. Then a very important law changed the direction of saving. Thanks to that, the increases of capital on hand have been on the order of 4 billion in 1978. We made available some very favorable credits at discounted rates. Thus we created the conditions for a resumption of investment. It is not necessary to wait today for some unexpected benefit from the government. The heads of enterprises now have every reason to invest. If they look around, they notice that a great deal has been invested in recent months in all comparable countries.

Investment: The Government Does What it Must

The government has done and will continue to do everything which is necessary so that there will not be any freeze which could discourage industries from investment. But it is absolutely necessary that they take initiatives at the beginning, lacking which, they risk great disappointments in 2 or 3 years.

Moreover, these heads of enterprises understood all that well at the end of last year: At the start of the year, one began to overcome difficulties when the new petroleum crisis took place. One could imagine increases in the price of a barrel of 10 or 15 percent, certainly not 55 percent. Then, of course, that caused additional hesitation among the industrialists: That is natural. But I believe that they must invest now, all the more so since contrary to 1974, we are not emerging from a euphoric investment period.

[Question] You brought up just now decontrol of industrial prices. Why do you not do the same thing for the prices of fuels and those of services?

[Answer] Price decontrol was not granted to oil dealers because of the Law of 1928 which gives the state a monopoly on the distribution and the role of dividing the market between French and foreign companies. We do not contemplate changing this state of affairs in the near future.

As regards decontrol of services, I desire it keenly. But I have always said that decontrol must be accompanied by more consumers and greater competition. This competition exists mainly in the industrial field and that is why I was able to decontrol industrial prices rapidly. No doubt there still exists here and there some agreements, some restrictive practices: I am pursuing them. During the last 6 months, the competition commission has rendered as many opinions as in all of 1978. I have been induced to be lavish with recommendations and to take drastic measures, as you know.

Dialog With Consumers

I will conduct the same policy as regards services, where competition and dialog with consumers must become the rule. A certain number have been decontrolled, others are in the process of being decontrolled. Take the case of automobile distribution. I had signed a contract for price reduction with the business for 1979. I had made it clear that I wanted a very extensive dialog between the leaders of the business and consumers. There have already been three positive meetings during which agreements were reached between the parties. That still seemed unthinkable several months ago. A new meeting is planned for September and I gave credit to organizations in the business and in particular to the CSNCRA [National Syndical Chamber of Commerce and Automobile Repair] which sent a very straightforward circular to its members which says essentially:

You have a responsibility. You must conduct a dialog with consumers and consider their demands. We recommend that you do not exceed the increase of the 1979 price index. For other services, that will take place in the same way, to the extent that the interested parties will accept this guideline.

As regards distribution, there will certainly be between now and the end of the year, certain sectors which will be able to be decontrolled in like manner, in the same spirit and under the same conditions.

[Question] To end up on this question of price, a very simple question: Why is it that the FRG with the same petroleum crisis as us, expects a rate of inflation in 1979 of 5 percent, while it will exceed 10 percent with us?

[Answer] The FRG suffered terribly in the past from inflation: It is ready for any sacrifice to prevent it increasing and, in particular, for sacrifices on the subject of purchasing power. If you compare purchasing power in the FRG and in France, there were five to six points difference in favor of France in the last 4 years. I believe that the French understand better today the drawbacks of inflation and are aware of efforts to be made to restrain it. The message is beginning to get through and it is very encouraging. But time will still be necessary. There are customs, there are wage indices; there are a certain number of things, which, I will say, are inherent in our system.

[Question] During recent weeks, French rates of interest have increased very rapidly. How have you reacted to the FRG's increase of the discount rate? Does it seem completely justified to you?

[Answer] The French rates of interest are determined, to a great extent, by the international climate. As regards the FRG's decision, I have no opinion to give. Moreover, in principle, when the FRG authorities make a decision of this type, they warn us. Besides, we have decided to develop a great deal of united action in this field, in the framework of the European monetary system.

[Question] What is your interpretation of the recent decisions regarding social security?

[Answer] It is essential that public opinion understand well what is happening in this field. There are two things in which I am instinctively interested. The first is that the social protection of the French be assured by social security, which is an invention, an attainment of the French republic. It has brought security as its name indicates and it has reduced inequalities among the French. The second is medical freedom. These two factors must not be questioned.

Social Security: Preserve the Acquisition

What is the problem today? For 5 years when France's wealth increased 13 percent a year, health expenditures increased

22 percent. If things should continue this way, that would lead to a health insurance deficit on the order of 80 billion in 1985; that would obviously threaten to lead to new doubts about the attainment which I have mentioned.

There are two solutions to prevent this: Either continuously increase revenue (but is this really reasonable?) or attempt, without for all that lowering the quality of medicine, to reduce the increase of health expenditures through a greater responsibility and a systematic elimination of useless expenditures. It is possible. To give a concrete example, the Loudun Hospital is controlling its expenditures here and now. What do we have to do? In the near future, it is necessary to pay off the debts, and for that an additional and temporary effort by all persons involved is necessary. The state, on its part, will make a contribution. In the future, we will invite the health professions to start a dialog to determine methods for controlling increased expenditures and thus prevent new debts from appearing in the future in the social security budget.

A Distressing Problem: That of the Unemployed

We do not intend to act in an authoritative manner in all this matter. The important thing is to modify opinions through dialog .

[Question] The signs of this austerity are still not visible. We have been subjected to it since the end of 1976 and we have not seen things change a great deal.

[Answer] If you compare foreign countries and France, if you look at your situation and that of those around you, in short, if you make a real examination of conscience, do you really think the French situation has deteriorated? I believe that the truth is that progress is only slower than with respect to the past. In fact, our country is only experiencing a single distressing problem: that of the unemployed. It is due to a great extent to the fact that the number of young people who are entering the labor market is much higher than that of those who are retiring, at a time when world economic growth is slower. It is precisely to be able to provide, in the fairly near future, a job to all those who do not have one, that it is necessary to protect enterprise today, insure its growth, even if that means, unfortunately, slowing down somewhat the increase of individual purchasing power.

'WAR OR DETERRENCE' DEFENSE POLICY DISCUSSED

Paris LE MONDE in French 16 Aug 79 p 2

[Article by General G. Georges-Picot: "War or Deterrence?"; passages enclosed in slantlines published in italics]

[Text] The readers of LE MONDE¹ know the organization, the mission and even the intended tactical utilization of our reorganized ground forces.

There are 15 permanent divisions, 3 of them stationed in Germany, which are kept at high strength but nevertheless must go through a mobilization phase lasting several days in order to reach their wartime strength. It is said that the mission of this battle corps is to make contact with the enemy, to carry out withdrawal maneuvers aimed at "slowing down his advance"(!) and "uncovering his intentions"(!) in order to allow the president of the republic to choose the moment when the enemy must be stopped through his decision to use the nuclear weapon. Behind these 15 active divisions, an equal number of reserve divisions, "derived" from the former and set up at the time of mobilization, would have the mission of assuring the protection of the country's vital points.

This concept stems from a correct idea: our country is in no position to enter combat against infinitely superior forces of the Warsaw Pact. It must therefore base its defense not on combat but on deterrence.

The idea is correct but it seems to express itself at present in an entirely unrealistic way, both from the point of view of organization and provisions.

Hypothetically, the Russians will be the aggressors. As all aggressors, they will have the advantage of surprise. No one believes that they would forgo this advantage and give us the few days of respite which we would need to carry out our mobilization operations. Is it possible that we have forgotten Pearl Harbor? The Russians possess gigantic air forces. If they decide to occupy Western Europe, they will begin by destroying in a few short moments of surprise both our air bases and our regiments making up the ground forces whose garrisons are known to them and whose personnel and materiel are not sheltered.² Then, in a matter of a few days, their armies will easily sweep up whatever remnants of our active divisions might have subsisted and,

subsequently, our reserve divisions. If one is to believe a statement made in LE MONDE, the latter are said to have a military value which is awkwardly similar to that of our B-series divisions of 1939--a sinister memory.

Some will say that this hypothesis is excessively pessimistic. They would wish that another article in LE MONDE prove this and show why, against all appearances, the other hypothesis could turn out to be realistic.

In the current concept everything is based in any case on the utilization of the nuclear weapon. This statement calls for a question of plain common sense: are we sure that there will ever be a president of the republic who will "push the button" in the knowledge that he will deliberately ravage southern Germany and run the risk of seeing the metropolitan area of Paris and its 8 million inhabitants annihilated in the hours that follow? Is there no room for doubt?

A commissioned lieutenant colonel using the pseudonym Francois shows in a recent book "The Sixth Column, If the Russians Attacked"³ how the Russians will do everything to avoid taking the initiative in utilizing the nuclear weapon so that France will be forced to "shoot first," thereby appearing to be the maker of its own destruction. Francois concludes, therefore, that no one will ever utilize the atomic weapon. Here we can draw a parallel with the events of 1940: we had the means of launching poison gas warfare which could have destroyed the German armies; however, we did not dare do this because our rules stipulated that we shall never use poison gas first and because the Germans took care not to use it.

In the final analysis, our defense is currently based on a nuclear deterrent force which has very limited chances of ever being used and on a small battle corps which is dedicated to prompt destruction. If we have the courage to look at reality, we must admit that we have no national defense.

Almost Perfect National Defense

We have no national defense because we do not have a "deterrent force" likely to impress the Russians.

We must therefore endow ourselves with the only deterrent force which is capable of /really/ deterring the Russians from crossing the Rhine: a "popular deterrent force."

During the last 100 years France has known only one nearly perfect national defense: the one stemming from the law of 1903.

Within the framework of general mobilization this law provided for a "field army" of 75 divisions made up of the ten youngest classes in accordance with the citizen-army system.

Everyone of the country's 144 subdivisions mustered an active regiment and a reserve regiment. Every year each of the active regiment's companies received 50 to 60 men from the subdivision. These men successively served their company for 2 years on active duty, then 3 years in the reserve, returning for 21 days during the second reserve year for maneuvers and permanently on the first day of mobilization to bring the company to its war-time strength of 250 men for the following 5 years, and finally, always in a reserve capacity, to make up a reserve company derived from the active company. Career officers were very rarely transferred. Reserve officers were trained in schools where admission was on a competitive basis; they served the last 6 months of their active duty as second lieutenants in charge of a platoon. The sergeants commanding half a platoon were experienced since they had exercised their command during the entire second year of service.

This organization constituted the magnificent field army of 1914 which managed, in spite of surprise, tactical errors and set-backs of the battle at the borders, to maneuver in retreat for 3 weeks, drawing the enemy into a trap anchored in fortified positions near Paris and Verdun, then counter-attacking and winning the battle of the Marne.

It was possible to accomplish this because, as a citizen army this force enjoyed the fundamental virtue which is the privilege of the militia system: the moral strength, fruit of the cohesion of all units.

Cohesion! This is the indispensable quality which keeps a troop alive. A quality which built the strength of our army of 1914 and the absence of which deprived our units in 1939 of military valor as it will deprive our reserve units in the future if they assemble only once every 5 or 6 years.

Today, in an organization which must be new, we must never forget this great lesson of 1914 and its counterpoint of 1939. Whatever organization is chosen, first and foremost it will be imperative that steps are taken to insure that all units enjoy perfect cohesion. To accomplish this, two rules will have to be observed: 1) unchanging composition and officering, and 2) call-up for active duty of every regiment on an annual basis.

In his book "Essay for a Nonbattle," written in 1975 and just as prophetic as De Gaulle's book in 1934, battalion commander Brossollet advocates--after a description of the defects of our current organization--the creation of a "net" 200 km wide along our border. Like a veritable network covering 100,000 sq km, the mesh of this net would consist of thousands of points of resistance which could not be taken by the aggressor and which would permit his destruction. As a weak David we would have the means of defeating Goliath. This net could be a local utilization of the "popular deterrent force" whose combat-effectiveness would be high, especially as our guerrillas would be defending their own land. The Russians would know that in the event they crossed the Rhine, they would step on an anthill where their forces would be destined to suffer certain defeat no matter how numerous and powerful they might be. This would perhaps prompt them to remain on the right bank. We would not have to engage in combat, nor would we have to use the nuclear weapon because we would have managed to find an effective defense within the means at our disposal.

The methods associated with the military service are not popular and it is said that the run-of-the-mill recruit is under the impression that he is losing his time after 2 months of schooling; furthermore, almost all the high-school graduates are disgusted by serving as army flunkies. This is undoubtedly true but such are the consequences of an organization which is vicious in principle and does increasing harm to the country's army.

This nation will not have faith once again in its national defense as long as the current military establishment is not replaced by a new establishment which is /really/ adapted to the /real/ prospects.

Our youth possesses intellectual gifts and technical aptitudes which are not used in the army. If they were fully utilized France could have an invincible "popular deterrent force." We must give the young classes the responsibility of building this establishment and making it viable.

They would not fail to find this mission exciting and it would restore their lost faith, and through them the faith of the entire nation, in the cause of national defense.

FOOTNOTES

1. See the page headed "Event" in LE MONDE of 4 April.
2. In Switzerland the materiel of armored divisions is in rock shelters and their personnel is dispersed which does not prevent them from being mobilized within 6 hours.
3. Francois modestly states that his book is a fictional novel. Perhaps the Sino-Soviet accord is fictional, although the German-Russian accord of 1939 shows that a similar turn of events is never excluded. In reality, the object of the book is to show by what method a situation will be reached where the nuclear weapon will not be used either by the Russians or by France.

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BRIEFS

ECONOMIC AID PLAN—The economic and social situation in the Antilles is a source of serious concern to the government. The Council of Ministers, on 22 August, is supposed to look into an aid plan that would help out the French departments in the Caribbean. [Text] [Paris LE NOUVEL ECONOMISTE in French 13 Aug 79 p 54]

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SECURITY POLICE FOCUS MAIN ATTENTION ON FAR LEFT

Stockholm DAGENS NYHETER in Swedish 31 Jul 79 p 4

[Commentary by Harald Ofstad, professor of practical philosophy, University of Stockholm]

[Text] In Norway it is estimated that over 7,000 people are being watched by security police. Around 25,000 are registered.

Surveillance of people means that in Norway the police are actively spying on them, open their letters, and bug their telephones.

Here suspicion that someone is going to commit a crime is sufficient reason for surveillance.

Not all repression is as visible, clear, and noticeable as it is in Chile. There are also hidden forms. Television screens observe us. Telephones are bugged. Letters are opened. Our points of view and protests are registered and put on file. Those in power steal our slogans and arguments. Protests are turned into entertainment.

Gradually, we become infected ourselves with the censoring attitude of society. Censure becomes self-censure. The censoring approach creeps in under our skin. Rebellious thoughts make us afraid. We stay away from political activity because we can be registered and lose our jobs.

We comply with the prohibitions like obedient and frightened dogs. We become more bureaucratic than the real bureaucrats and support the power structure by reaffirming the image they have of themselves as unbureaucratic.

The whole system works well. Its culmination is that we are proud of our lack of freedom.

The Lawyer's Role

In his book "The Hidden Discipline," Thomas Mathiesen tries to direct attention toward this nonphysical, nonviolent repression. He describes it and

gives examples. Among other things, he takes up the lawyer's role as hidden repressor. The rules of law are not as exact as the rules of chess. They must be interpreted and applied. And the interpretation and application must be based on judgments that are characterized by the lawyer's moral and political values. But this is not expressed openly. The apparent objectivity of the legal language covers reality like an outer shell and hides the real conflicts and the subjective evaluations. Lawyers direct us without our seeing through them, according to Mathiesen.

His most important example of hidden discipline is the authorities' registration and surveillance of political activity. This theme is also taken up by Ole J. Bae and Torstein Eckhoff in their "Surveillance in Norway," Pax Publishers, Oslo, 1979.

The surveillance problem took a dramatic turn when Norsk Hydro's former head of personnel came forward and stated that in new hirings he had had continuous contact with the security police in order to clarify the applicants' political affiliation. It became even more heated when the authorities went on the attack against a journalist who had produced lists of employees of the security police. Charges were brought against an officer who announced that Norway had carried out espionage against the Soviet Union from Finnish territory.

The former head of personnel said that by conferring with security police, information could be obtained concerning "membership in Norway's Communist Party, certain contacts within the party, or concrete signs of sympathy, a relative who was a member, whether a person had taken part in certain demonstrations, peace rallies or peace festivals...whether one was active in certain solidarity committees, and so on."

NATO Protests

The matter ended with strong criticism being directed against the security police. Partly as a result of the above-stated conditions, the government appointed a "control committee for surveillance and security police" in 1972. The chairman was J. C. Melbye, member of the Supreme Court. Pressed by a journalist from DAGSREVN, Melbye admitted (26 August 1978) that "it cannot be ruled out" that a person who signs a petition of protest against NATO could be registered by the security police. Or, in plain language, he is registered. He also admitted that people who often travel to Moscow are registered.

The control committee was charged with taking a position on the Hydro affair. Statements were taken from many of those involved. But the former head of personnel was not allowed to make a statement, nor could he direct any questions to the witnesses.

The control committee found no reason to criticize the security police for having given out information concerning political membership and political activity to Norsk Hydro.

Torstein Eckhoff (professor of business law) criticizes the control committee on this point. The former head of personnel should have been presented with the testimony and the witnesses should have been informed that this was to occur. Eckhoff's conclusion is that "the committee is to a high degree characterized by the desire to defend the activity of the security police."

Trojan Horse

However, the control committee is a model of objectivity compared to some of the forces that are pressing to increase political surveillance. A former chief of security police stated clearly that the police should look upon EC opponents as security risks and the reserve officers' association Pro Patria names neofeminists and Pax Publishers as examples of groups that carry on "subversive activity."

Worst is the pamphlet "The Trojan Horse," published by the security staff of the Defense Department's supreme command in 1976. It deals with the threat to security and concludes in the following manner:

"We are being attacked everywhere...politically, our opponents want to show us that our system is unjust and that our authorities and leaders do not have our true interest at heart and, in this way, make us doubt our democracy..." Psychologically, they are working to "undermine our will to resist by replacing the basic values society is built on with other, dubious points of view. The goal may be to tear down such values as religion and morals...."

One might ask what the security staff would have done with Henrik Ibsen.

Registration

The security police make a distinction between registering a person (or organization) and carrying out surveillance of him. Registering means gathering information on a person that is openly accessible—articles he has written, lectures, petitions he has signed, demonstrations he has participated in, trips he has taken—but also information on to what extent he abuses alcohol and has family problems.

Everything that, in the opinion of the police, can weaken a person's credibility can be registered. It is considered especially important to find out if the person has a "strongly negative opinion of our form of government, our foreign policy, or our defense." This in spite of the fact that in the instructions worked out by the Justice Department it is clearly stated that "membership in a legal political organization or legal political activity cannot, by itself, be the basis for the gathering and registering of information."

Surveillance of a person means that the police actively spy on him. If court permission is obtained, his letters can also be opened and his

telephone bugged. Surveillance does not presuppose that any crime has been committed. Suspicion that one is being prepared or planned is sufficient. And it does not take much to arouse the police's suspicion.

An estimated 25,000 Norwegians are registered and around 7,500 are under surveillance.

Threat From the Left

The task of the security police is to prevent crimes against the national security and to keep an eye on spies and people who may conceivably support the enemy in a possible war. The question is then what the security police's criteria are to be for judging where the threat lies.

Present information indicates that the security police's suspicion is directed especially toward forces to the left of the Norwegian Labor Party. Why is the suspicion pointed in this direction? Because of traditions there? In his time, Einar Gerhardsen was seen as a threat to national security.

Today it is, among others, the Socialist Party of the Left and the AKP (Workers Communist Party: SKP). During the time before the occupation, the suspicion was pointed in similar directions. The security police actually did not know that Quisling and his coworkers were a threat to the nation's security.

Why does this tradition exist? Could it be because the powers of the extreme right are not a threat to the privileges of the rich and the powerful? The left, on the other hand, believes that society is unjust, that our authorities are lacking in the ability and desire to further our real interests and that our religion and morals are wrong. Is this the reason why the security police tend to criminalize the left?

Is it really Henrik Ibsen they are trying to get at?

9336

CSO: 3108

HE'S ONAINDIA COMMENTS ON BASQUE POLITICS, VIOLENCE

Madrid EL PAIS in Spanish 19 Jul 79 pp 14, 15

[Interview with Basque political leader Mario Onaindia by Soledad Alameda; place and date not given]

[Text] Mario Onaindia, the greatest and wisest of the Basques, is a key personality in his country's politics at the present time, as he was in a part of the ETA's [Basque Fatherland and Liberty Group] march toward socialism. He was condemned at the Council of Burgos and was later founder of the EIA [Party for the Basque Revolution] political party, a member of the Basque Left coalition. On the day following the agreement reached on the Basque Charter, he confessed that he was "happy and satisfied because I never imagined that agreement would have been reached so quickly and without concessions." In his opinion, the PNV [Basque Nationalist Party] conducted itself with honesty in its dealings with the other Basque parties, keeping them informed of the state of negotiations at all times. "I think we have won over all Basque political forces," Alameda Soledad here interviews him.

"I remember the first time I concealed propaganda in my home. It was during the 1966 referendum. Five kilograms from the PNV. When I came home that night, the whole family was folding pamphlets. It came as a surprise to me because we had talked little of political matters at home. But in those days in the Basque Country, talking of politics among nationalists was like talking of religion. That is why, when I picked up the package of propaganda and hid it, I felt as though I was stealing something. At that time, in 1966, I was 18 years old and the Basque Country was precious to me. The PNV was beginning to admit new members, something it had not done since 1939. All the parties were reorganizing or organizing for the first time. I was involved in several at the same time, like most people. I participated in the PNV, the Communist Party (PC), the Workers Commissions. And this did not seem to me to be contradictory. Then I heard that the ETA constituted the synthesis that created social unity, national unity."

[Question] Had there already been debate on socialism in the ETA at that time?

[Answer] Yes. It had already been noted that nationalism and socialism were two sides of the same coin. But then the major concern was the ETA, that our activity would turn into a struggle between the police and ourselves and whether the people would applaud our efforts or boo them, because we were the people's police, just as the other one was the oligarchy's police. It was obvious that the people were thus mere spectators and as such made no progress toward socialism or anything else. But actually, this has been the problem most debated inside the ETA. Some felt that the role of the people was a passive one, consisting of applauding us, and others felt that the people were the protagonists and that, on the other hand, armed combat served no purpose.

[Question] But you felt that armed combat was necessary?

[Answer] In 1966 there was a split which resulted in the emergence of the communist movement. Some of us agreed with the communists that it was necessary to create a political party but we also knew that that was not possible at that time, that we had to go on shooting and that everything else was a waste of time.

[Question] You fired off shots?

[Answer] Yes, at posts and things like that. The ETA was a very complex organization. There was a group of activists and, furthermore, when they engaged in a given action, we all took part in it. But those were very simple actions: smashing a monument, stealing a mimeograph machine from the monks, writing graffiti. The first death occurred in 1968. We who went around armed were the liberated ones. That death came about in avoiding arrest. Then they killed Echevarrieta. The organization found itself between the devil and the deep blue sea. They had killed a comrade. That is why Manzanos, the Guipuscoa torturer, died. The deaths the ETA was responsible for at that time were for either of two reasons: defense or reprisal.

In 1969 Mario Onaindia was captured by the Bilbao police when, along with others, he went to pick up a pile of clothes forgotten in an apartment that had been abandoned by the ETA. "We had deposited 13 bombs and had come down from the mountains. The police were waiting for us and started to fire on us as soon as we entered the apartment. I hid myself in a hole ridiculous in view of my size and that's where they found me. Then I was taken to police headquarters, an experience you can only understand if you have gone through it yourself."

Police headquarters, prison, the Council of Burgos, the repercussions in Europe, the death sentence and the pardon and prison once again. Mario Onaindia, nicknamed "El Morales" [man with morals] by his guerrilla comrades because he never lost heart, was born in Lequeitio and has lived in Bilbao and Eibar. He was a bank employee until the age of 18, when he joined the ETA. Today, he is 30 and lives in Vitoria. He is the secretary general of the KIA, a politico-military party associated with the ETA and a member of

the Basque Left coalition, which, along with the Herri Batasuna (military ETA), surprised all the country's political commentators in the latest general elections. The nationalists won votes at the expense of the traditional leftist parties as well as that of the UCD [Democratic Center Union], votes which "here, today, only the governors command."

[Question] Is it because of the Council of Burgos that the need for setting up a political section within the ETA is so clearly defined?

[Answer] The debate — which had already been initiated — went on in prison and things were proposed which then, when they were put into practice, proved to be too problematic. One group turned anarchist overnight and thwarted all hopes.

[Question] Do you like politics or are you involved in it just because that's the way things turned out?

[Answer] Politics fascinates me. Furthermore, I think that is even more fascinating here than in any other country, certainly because we are always on the brink of chaos.

[Question] As a boy, you were an acolyte. Do you believe in God?

[Answer] Acolyte? I was not an acolyte. Who told you I was? In the 1950's I was a believer, like everyone else. Although I think that people here do not much believe in God, nor that Saint Ignatius believed. What people here mostly believe in is the devil and hell. It is no accident that the founders of the Jesuits and Jansenism were Basques.

[Question] I had heard that you had something to do with the Church, like so many Basque political leaders.

[Answer] Well, I spent 5 years in the seminary. But that's not much.

[Question] How do you explain the fact that there are so many priests or ex-priests among Basque party leaders?

[Answer] I think that this country's relations with the Church have always been very special. I think that the seminary, the priests have monopolised a lot of things. The only culture to be found in the Basque Country, for example, was in the monasteries. And when the worker movement began, the only ones who could offer legal meeting places were the priests. At first, they limited themselves to providing meeting places, but then they attended meetings and finally they became leaders. Moreover, I think that leftist parties in other provinces also have connections with the Church, with organisations the priests initiated, like the ORT [Revolutionary Organisation of Workers], for example. Here, of course, there had been no intellectuals for centuries and the priests were the unlawful preservers of culture. Right

from the founding of the PNV, the priests were the ones who synthesized party ideology. I don't know what the Basque middle class has done in this country. It seems to me that the priests have filled this enormous vacuum.

[Question] You give me the impression that there is a lot of confusion over Basque politics in the rest of Spain.

[Answer] Yes, of course. And that includes an error of judgment as to what is important and what is not.

[Question] It is not very clear who belong to the Basque Left, who belong to the Herri Batasuna, what kind of relations they have with the ETA and all that.

[Answer] The confusion is understandable because there are two political movements that are working at odds with one another, the parties that accepted the charter of autonomy drafted in Guernica and another group — which I believe is purely a fiction — that would like to impose the charter referred to as traditional on us. This is what the Herri Batasuna proposed. I always had the impression that the Herri Batasuna was going to wind up with a pyrrhic victory.

[Question] Yes, but contrary to the forecasts, the Herri Batasuna has spectacularly increased its support. Perhaps what most influences the decision to vote for them is the radical nationalism they advocate and sentiment...

[Answer] Yes, which is customary in the Basque Country and with which the PNV is thoroughly imbued. The type "Basque Country, a nation oppressed," with which, under other circumstances, I would fully agree. But it would appear that the nation is composed only of nationalists and, above all, only of those who have their own ideas about what is national. As a result, the rest of the parties neither exist nor can they speak for anyone. And all this generates a series of anti-socratic and idealistic standards by which solutions of the same stamp are proposed and which serve only to reassert themselves. The Herri Batasuna is an example of all this: a political party with a political spectrum so broad that it includes people who are to the right of the PNV and those who are to the left of the Basque Left, anarchists and God knows what else.

[Question] One gets the impression that many Basques vote for the party that represents a major cutback in government ranks and that, as for the rest, this party's ideology, it gets the short end of the stick.

[Answer] There are various things that are responsible for this. One of them is the ETA, many factions of which are nothing more than a radicalized PNV, without any break with its ideological principles. But the ETA has been more than this, much more than this. From a given moment, within the ETA there have been two currents of thought, perfectly represented by what today are the Basque Left and the Herri Batasuna. Both are to the left of the PNV, one more radical, more consistently nationalist. The other group

saw in the ETA a process reflecting the fact that the working class was identifying itself with nationalism and that nationalism must join hands with socialism.

[Question] Which is the current of thought you represent, isn't it?

[Answer] Yes. I have ETA comrades in the Herri Batasuna. I think that the Herri Batasuna is nothing more than this.

[Question] Your party, you yourself and Banderes, have oddly enough become the "good guys."

[Answer] Yes. And since this will continue to be the case, we will become the best of the good guys. It would not surprise me if one day a more radical group, that might, for example, call itself the integrated Kaiku, should appear.

[Question] This is a bad thing for the Basque Country.

[Answer] It is bad for the left because all of the wrong thinking in this country — and there is a lot of it — and all the desire for change are channeled into shouting that Martin Villa is this and that. Which is true, of course. But that is as far as it all goes. And we deduce from all this that Basque society is entirely rightist. What is happening here is happening nowhere else. Because in Madrid and Barcelona people have evolved. But here, 15-year-olds fighting in the front lines, performing a most important task, have not evolved at all ideologically.

[Question] Perhaps the ETA's same way of fighting, a bit religious, mystical in character, has had an influence on this. This morning Juan Carlos Eguillor said to me that what is now happening in the Basque Country is a mixture of the Portuguese Carnatic Revolt and the Palmar de Troya.

[Answer] Yes, it is somewhat like that. Régis Debray wrote a book, "Critique of Arms," in which he talks of nationalism and of how the "Che" phenomenon in South America came about. He talks of Catholic influence. And here, the priests... All right, we have already talked about that.

[Question] I see that you are very sceptical about the future of the nation.

[Answer] No, it is only that first of all I talk about the bad things. After all, we are concerned with changing all that, the mentality of the people, and I know that Rome was not built in a day. We must work hard and redirect this wrong thinking I spoke of before.

[Question] How?

[Answer] By engaging in a specific political tactic that will destroy the prejudices of the Basques. Here there is a political process going on which is yet to be completed. I do not go along with the notion that there have been two separate communities in this country, but there have been two worlds, separated from and opposed to one another: the nationalists versus the socialists. This struggle has been going on for 80 years. There have been and are people, belonging to the nationalist movement, who, without giving it up, have assumed internationalist, including Trotskyite, positions. Something absolutely contradictory. In pamphlets issued 2 years ago, the military ETA says that the communist movement is an oligarchic party because it is not independent. The world of the others, who are not nationalists, nor do they want to be, is forgotten, does not exist. And here, given the form capitalism has assumed, what difference does it make to a guy who belongs to the left if they take away his rights? This is a political situation that has not been studied. They did not say to themselves: We are going to conduct our politics in accordance with the peculiar situation in this country. They tried to do this in the ETA, but the attempt was unsuccessful. And today, there is no alternative for those who are nationalists but also internationalists or socialists. And we must eliminate this contradiction that is the cause of all the ETA's intrigues and all those the Basque Country is being subjected to today.

[Question] If to everything you say we add the fact that entire immigrant sections of the cities voted for the Herri Batasuna, we must admit that we don't understand it at all.

[Answer] Yes, I know. An entire section of town that in the previous elections voted for the PSOE [Spanish Socialist Workers Party] switched to the Herri Batasuna. But this too can be explained. It seems that, if one is not a radical, one runs the risk of being a second-class citizen. On the other hand, the emigrant — who feels just as uncomfortable here as an emigrant anywhere else in the world — is generally someone who has lost his own culture and needs to find another one. And he has been living here for years and his children are Basque. In a word, he wants to be integrated.

[Question] Have the traditional leftist parties caused trouble here or can their failure be explained due to their being "pro-Spanish"?

[Answer] I think that, at least until now, they did not intend to do or be so. I am speaking of the party leaders in Madrid. But what is happening is odd. There are people here who say that the PSOE is social democrat and that the PC is Eurocommunist, which is why they do not vote for them. But if you talk to them a little longer, if you go into the matter, in the end the real reason comes out: The parties are "pro-Spanish." And this is the major criticism leveled at them.

[Question] It would appear that being Basque is the most important thing for the Basques.

[Answer] Being Basque is the most important thing in the world and we have to put an end to all this. This is the first thing on the agenda. The second thing we have to achieve is that Basque is all pichichi who live here [proper translation of this sentence depends on the meaning and use of the word "pichichi" which is unknown to me].

[Question] I thought that Madrid was going to accept the Guernica Charter?

[Answer] If not, it would have been a declaration of war. We have accepted a political course of action, have laid down the guns we carried in our belts because we knew that by so doing we could achieve independence, but we were not moving in the direction of socialism. And if our course of action does not work, if they close the door on us, we will have to start all over again.

[Question] I believe anti-Basque sentiment has grown in the other regions of Spain. And some think that the whole democracy could go under because of the Basques.

[Answer] I think that the parties are maneuvering tactically and that, if the UCD has not yielded, it is not out of rage against the Basques; it is for tactical reasons. The Army and the government did not trust the PNV because they believed that its rank and file is independent and they tried to restrict it, radicalizing it, bringing it closer to the Herri Batasuna. And this tactic has failed because, while it is true that PNV votes went to the Batasuna, it is also true that the UCD has not turned itself into a PNV, which is what they wanted to happen. This left them with only two possibilities: Either negotiate with the PNV, which would have meant negotiating with all the political forces, or Ulsterisation. I feel that all this, the UCD's stance, the radicalisation of the PNV, has given rise to an image of Basque intransigence in the other provinces and I think that it may have added to anti-Basque feeling.

[Question] Do you believe that the Basques feel they are not understood by Spaniards in other regions?

[Answer] I think that this does not matter. There is so much isolation that it does not matter. And it seems to me that this is what is dangerous. In a recent issue of EL VIEJO TOPO, it was claimed that the Germans killed the Jews because the latter believed themselves to be the chosen people, something which the Germans could not consent to because they were the chosen people. The Basques do not rank themselves with the others because they have no doubt that theirs is the chosen nation. They are so racist that they do not have the slightest doubt about this.

[Question] Is the military ETA the same thing as the Herri Batasuna? For you, what identifies it with the politico-military ETA? To what extent are they the same thing?

[Answer] We are two different organizations with the same ideology and the same principles. But they are completely autonomous, just as we are. What happens is that, if we are carrying out a given action, they provide us with support, as was the case with the Michelin action.

[Question] As it is today, when did the military ETA begin?

[Answer] I think that, in 1975 with Franco already dead, when Berzadi was killed, not for political reasons but simply for money, a taste for fighting was born in the ETA. But the military ETA, as it is today, really appeared after the Liberty March, when we realized that there had been hopes of obtaining a Basque General Council, of preautonomy and that these hopes were dashed. From that time on, the ETA has been launching offensives that have nothing to do with mobilizations or with support for political parties. In 1978 there were more ETA attacks than during the previous 10 years.

[Question] Do you feel that this is a mistake?

[Answer] No doubt, otherwise it would have been. But at the same time we were saying that we would get nowhere that way, we must point out that the political situation in the Basque Country, Madrid's behavior spoke in favor of all that.

[Question] Are you proud of having been a ETA member?

[Answer] Naturally. And furthermore... it is nothing special... the fact that I was one... because in the Basque Country there could have been a risk of involvement and, if the charter had not turned out well, we would have had to start all over again.

11,466
CSO: 3110

AUTONOMOUS REGIONS TO CONTROL OWN POLICE FORCES

Madrid ABC in Spanish 4 Jul 79 pp 7, 8

[Text of government bill relating to the police forces of autonomous communities: "The Autonomous Communities Will Be Able to Establish and Regulate Their Own Police Forces"]

[Text] The organic government bill regarding the police forces of autonomous communities approved at the last meeting of the Council of Ministers [Cabinet] and which has already been taken up in the Cortes [parliament] is made available to EUROPA PRESS, is as follows:

Article 1: Of the police forces of autonomous communities

1. In accordance with what is provided in Article 149.1, section 29, of the Constitution, the autonomous communities will be able to establish and regulate their own police forces in the form determined in the respective autonomy statutes and subject to the provisions of the present law.
2. Similarly, it falls to the autonomous communities by virtue of what is provided in Article 148.1, section 22, of the Constitution to exercise the coordination and other powers which general legislation pertaining to local government, assigns to local police forces.
3. The police forces mentioned will be financed by the respective autonomous communities, provincial or statutory councils, or inter-insular associations.

Article 2: Methods of organization

1. The police forces of autonomous communities to which the previous article refers will have to be organized in any of the following ways:
 - a. A single police force whose functions will extend to the entire territory of the autonomous community.
 - b. Provincial police forces subject to the authority of the respective provincial or statutory councils or inter-insular associations.

2. The methods of organization provided in the above section will have a reciprocally exclusive character.

Article 3: Power of the police forces of autonomous communities

1. The power of the police forces of autonomous communities will be as follows:

a. Under the hypothesis of section 1 (a) of Article 2, it will be up to the autonomous community to determine its statute.

b. In the case of section 1 (b) of Article 2, it will be up to the president of the provincial or statutory council or of the respective inter-insular association without prejudice to the coordinating powers which the authorities of the autonomous community can assume subject to the provisions of the present law.

2. During the application of a "state of alarm, emergency, or siege" within the territorial limits of the autonomous community, the power of the police forces of same will be automatically assumed by the governing or military authority of the state, as applicable, in the form and with the purpose that the regulatory law in this field may establish.

3. Without prejudice to the provisions in sections 1 and 2 of the present article, the operations of the members of the police forces of autonomous communities will be realized under the orders and immediate authority of their regular leaders.

Article 4: Territorial limits

In no case will the members of the police forces of autonomous communities be empowered to act outside the territorial limits to which their functions extend.

Article 5: Appropriate nature and jurisdiction

1. The police forces of autonomous communities will have a civilian character.

2. In accordance with the provisions in the previous section, ordinary legislation will always be appropriate to determine the crimes perpetrated against members of autonomous police forces as well as those committed by these in the exercise of their duties except when because of the crime, place, or person involved another authority will have jurisdiction.

3. The members of the police forces of autonomous communities, when they are on duty or in connection with it, will enjoy the privileges of law enforcement agents. Members of the police forces of autonomous communities on duty will always wear their regulation uniforms without which they would lack the attributes of law-enforcement agents. It is to be understood that for all intents

and purposes these agents are considered to be on duty whenever they wear their regulation uniform.

4. Members of the police forces of autonomous communities will be endowed with the necessary technical and operational means for the fulfillment of their duties and be able to carry handguns. Despite this, however, the security board provided for in Article 75.5 of the present law will determine the services which, by virtue of their character or circumstances, have to be provided by unarmed police. The issuing of arms permits, which will be those of type (b), will in all cases have to be done by the central state administration in accordance with the existing regulation pertaining the weapons.

Article 6: Duties of the police forces of autonomous communities

The police forces of autonomous communities will be able to perform the following functions within their respective territorial limits and in accordance with the standards imposed on them:

1. To protect the authorities and officials of the autonomous community or respective provincial government unit as well as to take appropriate steps in accordance with the standards that apply to them.
2. To insure the fulfillment of the directives and orders which, in the exercise of their particular powers, are given by the organs of the autonomous community or respective provincial government unit, depending on the case, and to execute the official orders of said organs.
3. To guard and protect buildings, installations, property, and rights of the autonomous community and where appropriate of the respective provincial government unit as well as the tax-collecting and administrative functions which, in connection with said property and rights, may be determined by regulations.
4. To give assistance in case of public disaster and special catastrophes; to cooperate with the institutions and organs of public assistance and to help, at the request of the parties, in the peaceful settlement of disputes between private citizens.
5. To give assistance to the state security forces and units in the protection of interurban means of communication and urban sections of public highways, and in the enforcement of traffic regulations.
6. To control and report those unlawful activities subject to the authority or discipline of the autonomous community and, where applicable, of the respective provincial government unit.
7. To collaborate and help, as criminal police in the form mentioned in the laws, when occasion arises in accordance with the provisions of the laws of criminal justice, calling for the intervention of the state security forces as soon as circumstances allow. The autonomous police forces should then report what action they have taken and hand over responsibility.

8. To watch over the safety of neighbors, guarding their persons and property.

9. To maintain order at meetings, demonstrations, and at public events in those cases and under those terms in which said function is entrusted to them.

Article 7: Cooperation between the state security units and forces and the police forces of autonomous communities

1. The police forces of autonomous communities will assist the state security units and forces in the exercise of their constitutional duties.

2. The powers of the police forces of autonomous communities, in the fulfillment of the strictly autonomous missions recognized by this law, will be able to solicit from the governing authorities the assistance of the state security units and forces for the appropriate exercise of their functions. The requested governing authority will determine the propriety of granting the requested cooperation as well as the form, mode of executing it, and joint responsibility for same, with the state security units and forces acting under the orders of their regular leaders.

3. In the evolution of the missions accomplished by the police of autonomous communities as assistants or collaborators, the competent government authority in each case will determine the methods of their operation after consulting the security board.

4. In line with the function of coordination assigned to the government delegate in the territory of the autonomous communities by Article 154 of the Constitution, there will be established under his presidency in the communities which have police forces set up within the framework of this law a security board in which the cadres of the state security units and forces in the territory and the senior cadres of the autonomous community police will be integrated. Said board will exercise the appropriate functions with regard to the specific delimitation of the fields of action and the forms and methods of cooperation between the state security units and forces and the police forces of autonomous communities. The security board will have consultative functions except in those cases where other functions are expressly assigned to it.

The autonomous communities which choose the method provided for in paragraph (b) of Article 2, section 1, of this law will be able to decide whether the security boards are to be constituted in each of the provinces making up the former, in which case the civilian governor will assume the chairmanship of same.

Article 8: Format of the police forces of autonomous communities and designation of their powers

1. The format of the police forces of autonomous communities will be determined in their respective regulations subject to the following rules:

a. The total number of personnel, including cadres, cannot exceed 0.5 per 1,000 of the total legal residents of the autonomous community or of the respective province, depending on the case.

b. Besides the chief and the deputy chief, as applicable, the format will have to provide adequate cadres in the proportion of one for every 30 members or fraction above 10.

2. The individuals who are to occupy positions of authority referred to in paragraph (b) of the above section will be appointed by those authorities of the autonomous community or provincial government unit which represent the senior command of the forces. The appointment will be effected after consultation among leaders and officials pertaining to the armed forces or the state security units and forces which have obtained the pertinent authorization.

3. During their service in the police forces of autonomous communities, the members of the armed forces and of the state security units and forces will have the status of "special reserves" to be established and under conditions to be regulated by proposals of the ministries of defense and interior. In such a situation they are excluded from military jurisdiction.

4. Recruitment and training of the police forces of autonomous communities will be regulated by the respective community in agreement with the Ministry of Interior.

Article 9: Regulations of the police forces of autonomous communities

1. The regulations of the police forces of autonomous communities be approved by the latter in agreement with the Ministry of Interior.

2. Said regulations will minimally have to bear on the following aspects:

The nature and cadres of the force; internal organization; uniforms; performance of duties; system of recruitment and promotion in the force itself; rights and obligations of its members; system of compensation; disciplinary system.

3. The autonomous communities will be able to appoint an inspector to control and supervise adherence to regulations and the level of training, discipline, and policy of the forces, acting as a higher disciplinary organ.

Final Provision

The present law will go into effect on the day following its publication in the "State Official Gazette."

2662

CSO: 3110

SPAIN

ECONOMY MINISTER COMMENTS ON INVESTMENT, INFLATION PROBLEMS

Madrid ABC in Spanish 18 Aug 79 pp 21-22 LD

[Interview with Jose Luis Leal, Spanish Minister of Economy, by J. A. Franco Olivan: "Real Loss of Purchasing Power Must Not Be Recouped in Near Future--date and place not specified]

[Text] A few hours after the presentation of the government's economic program--so eagerly awaited after the preview issued by the deputy premier for economic affairs at the beginning of the month--we had the opportunity to speak with Minister of Economy Jose Luis Leal, who had disappeared over the last few weeks, virtually immersed in the preparation of the program. Our first words expressed surprise at the lengthy period of waiting.

"It must be borne in mind that quite a considerable task has been performed," the minister stated. "It was a process of consolidating and condensing the various versions which we had drafted. The latest of them was submitted to the cabinet, which made the comments which it deemed appropriate, and these were inserted last week. It was natural, for politeness' sake, also to submit the final text to the cabinet, which met Tuesday, before making it public."

[Question] The program speaks of an increase in GDP not exceeding 2.5 percent in real terms. Does this mean foregoing a greater rate of economic growth?

[Answer] Not in the medium term. But it should not be forgotten that the oil crisis has both a deflationary and an inflationary effect. Estimates indicate that the inflationary effect will be between 0.75 percent and 1 percent--about \$40 billion--in the western countries. In our case the impact is more uncertain. But what is certain is that we will have to work harder and export more in order to pick up the new tab. It is a matter of the purchasing power taken away by the exporters of crude. OPEC has brought the prospect for 1983 forward to the present. What certainly seems clear is that growth rates of 6-7 percent cannot be regained by the industrialized countries, although we may achieve 4-5 percent.

[Question] There has also been a considerable reduction from 8 percent to 3 percent in estimates of the growth of investment.

[Answer] The reason is implicit in what I have just said. Stocks are currently being replenished—a factor to which we must add the increase in public investment—estimated at about 15 percent; and this means that private investment will still experience negative growth this year, because there will be a fall in investment in the construction industry and in durables. A 2-percent increase is forecast in other sectors. The overall forecast is therefore a 3-percent increase in investment.

[Question] When do you believe private investment might take off? Are there signs that this might happen soon?

[Answer] I believe that the atmosphere is changing. We have clearly stated where we place the greatest emphasis in investment—in the private sector. And we have demonstrated that we will take this path. Of course, the public sector must set its house in order; hence the pledge to reduce the public deficit by 100 billion pesetas this year. We believe that this is the right direction, and the atmosphere must start to change.

We have clarified the issue of labor relations, and the other factor of uncertainty which energy investment might have become has been resolved with the approval of the national energy plan. In the field of specific financing problems, the fall in the banks' rate of investment has been halted (until an alternative is created); there are also specific measures to reduce financing costs, and, in addition, there is the relative reduction of inflation which is releasing greater resources. That is, we are entering the field of financing in seven or eight ways, not counting greater competitiveness among the financial middlemen, with the role played by foreign banks, fixed income markets, tax incentives and so forth. All this as a whole is aimed at facilitating the financing process coherently—I believe—and with the desire to remove obstacles.

[Question] At all events, the 400 billion pesetas at which the public sector deficit is estimated represents an onerous situation for the private sector.

[Answer] At any rate, it should be said that this is a real deficit which is now better calculated and more open. We want each and every one of the accounts of the state, social security and the public sector in general to be known, and this is bringing to light deficits which were previously unknown. The result is that this policy of openness is making us realize that current expenditure is increasing too rapidly, and the economic program contains specific measures to curb it. At all events, the increase in tax pressure which may occur will finance social security, not current expenditure. We are aware that it is necessary to leave the space necessary for private investment to find the resources required for its investment activity.

[Question] In short, what resources will employers have?

[Answer] In the short term they will have credit which is increasing by several points in real terms as a result of the lower rate of inflation. Liquid funds are currently increasing by about 21 percent, and credit should increase by about 16-19 percent in the second half of the year.

[Question] Is a change in the interest rate being contemplated?

[Answer] We are not contemplating altering the Bank of Spain's basic interest rate.

[Question] What is the government's aim in the field of exchange policy? Will the depreciation of the peseta continue?

[Answer] In light of the behavior of the various components of the balance of current payments, there was no reason for the depreciation. There were in fact artificial factors of appreciation, in view of enterprises' foreign debts. We have allowed the market to operate, and there has been stability against the dollar and a depreciation against the European currencies. In any case, interventions are made to correct trends. It is not possible to do otherwise with respect to the market.

Moreover, we are heading toward a liberalization of the foreign sector in order to gradually acquire a system comparable to our European interlocutors.

[Question] Some sectors have the impression that the government has lowered its guard in the struggle against inflation....

[Answer] The government has not lowered its guard with respect to inflation. If we disregard energy, the deceleration of prices is obvious in the non-foodstuffs sector, which is registering a rate of 1.2-1.3 percent. And this is an important fact. As far as energy is concerned, we have passed on what had to be passed on, and we will take another look in October. The July increase was 2.3 percent--disregarding energy, 1.6 percent.

What is certain is that we must avoid a race to regain a purchasing power which cannot be regained. If we hasten to regain purchasing power, then the struggle against inflation will be jeopardized. At present, trends are moderate and reasonable. We are continuing to reduce the inflation rate despite the repercussions of energy, while inflation rates in the OECD area countries are increasing. The outcome is a convergence and a reduction of the disparity between us.

[Question] In this context of economic stability, many people wonder, Mr Minister, what is the use of winning the war against inflation if nothing but ruined enterprises are left at the end.

[Answer] It is clear that there can be no investment with a 30-percent rate of inflation, because all rationality in the investment process disappears. We cannot aspire to the inflation rate of the FRG or Switzerland, but we can aspire to attaining the European level. Moreover, the program envisages a safety net for sectors in a state of crisis which cannot be reorganized without aid from the administration, and they are lent a hand. At all events, this is aid with strings attached, requiring that everybody make an effort and that there be a possibility of regaining balance. In addition, we will improve unemployment benefit by means of a net which must be more finely meshed for those who are already employed. And it should not be forgotten that if increased productivity is achieved, workers, employers and the state on behalf of those who are unemployed are entitled to that increase. All this without tensions, with the aim of maximizing the country's potential growth. Here there is clearly an appeal for solidarity.

CSO: 3110

MEXICAN OIL FIRM TO SUPPLY CRUDE, BUYS INTO PETRONOR

Madrid ABC in Spanish 20 Jul 79 p 34

[Article by Pedro Crespo, special correspondent in Mexico: "Mexico Will Be Spain's Leading Supplier of Oil"]

[Excerpts] Mexico, D.F., 18 July (report via Telex from our special correspondent)—With the signature of the agreement according to which CAMPSA [Leasing Company of the Petroleum Monopoly, Inc.—Spain] is to sell 3.96 million shares to Mexican Petroleum [PEMEX] from among those which CAMPSA holds in Petronor [Northern Petroleum Company], representing 15 percent of its capital, the cornerstone has been laid for the structure which both countries are determined to build in the field of energy cooperation.

Commercial Cooperation

Additionally, CAMPSA, PEMEX, and Petronor will study during the next 6 months possible areas of cooperation in the commercial field as well as in the use of the facilities of the refinery and the port which the latter has. Furthermore, PEMEX insures through its 15 percent share of the existing assets of Petronor that a given number of its representatives shall be included in Petronor's board of directors. The appointment of one of them as vice president of the refinery is probable, as is the designation of a senior executive of PEMEX to an important position in same.

The operation described in this manner is justified by many reasons of diverse nature that are convenient to both parties. Today's actions which occur after the signing of the agreements for the Mexican supply of crude oil are only part of the strong trend toward cooperation which, in the economic field, both at the public and private level, has been taking place between Spain and Mexico since the tightening of relations between the two countries began. As far as this year is concerned Spain's investments in Mexico—to cite a significant fact in this trend—exceed 7 billion Spanish pesetas.

Guaranty Against a Shortage of Supplies

In the energy sector and particularly in the oil subsector, the sum total of operations effected by CAMPSA appears fully justified because one foreign company is replaced by another which provides a guaranty against a shortage of supplies and the more complicated or uncertain ties in the entire oil chain evidenced at present.

On its part Petronor is beefing up its capital structure. The inclusion of PEMEX also suggests unquestionable possibilities to increase the use of the refining installations and of the port of Bilbao. Probably this will be the sole investment of PEMEX in the field of refining outside Mexico. Spain thus consolidates its oil relations at an especially touchy period in the entire energy field.

CAMPSA's share in the operation has been essential to the extent that the representatives of PEMEX have considered their acquisition of an interest in Petronor as a deal between public firms. The results of same, which from the economic viewpoint will not imply any obvious loss for CAMPSA, will have far-reaching repercussions in the geographic and industrial fields which Petronor's refinery will enter. The entire petrochemical subsector will be better able to focus its development prospects on the basis of Petronor now that this company is entering a new stage. And the consolidation of this firm will make it possible for the Basque industry to have an essential unit for the far-reaching process of industrial reorganization which the future and especially Spain's membership in the European Common Market are demanding as of now.

Mixed Companies

The agreement signed today indicates, in short, something more than a simple commercial transaction and that is what both Secretary [of Patrimony and Industrial Development] Fernandez de Oteyza and president Sanchez de Leon suggested in their respective speeches. Mexico is the only major oil producer which does not belong to the Organization of Petroleum Exporting Countries and with its external outlook it opens a propitious future for the formulation of new instruments of cooperation and joint operations in third countries. Accordingly, it is appropriate to note that the possibility exists during this study period for a joint mixed enterprise to be established for the transportation from Mexico to Spain and marketing of liquid gas made out of petroleum, butane, and propane.

Today, then, is a great day in Spanish-Mexican relations, one suggesting that in a more or less immediate future Mexico will become Spain's leading oil-supplying country.

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CSO: 3110

TRADE, COOPERATION WITH LATIN AMERICA ON THE RISE

Madrid YA in Spanish 21 Jul 79 p 5

[Article by Ernesto La Orden Miracle: "Spain Before Latin America: Ready Money--Trade and Technical Cooperation"]

[Text] While the hour of our "Community" is ringing let us develop trade and cooperation to a maximum. Thanks to the so-called "Spanish economic miracle," the fruit of our work after the ruin caused by our civil war, the ship "Cuidad de Toledo" [City of Toledo] has been able to hold for some years now a commercial exhibit "at home" in all the ports of America, and since then the figures have been improving every year. Ambassador Sanchez Bella used to say that during his years of residence in Bogota Spanish-Colombian trade had risen from a value of U.S. \$0.5 million to \$50 million. Today this figure is four times larger since turnover is close to \$200 million adding imports and exports. In any American country there is a proliferation today--besides our traditional books, wines, and goodies--of trucks and buses, dockyards and cement works, networks of educational television and every type of machinery which, as the advertising says, "speak Spanish." We have built hydroelectric dams in the Dominican Republic, oil pipelines in Ecuador, and we shall now build a major railroad in Venezuela. The planes of Iberian Airlines land in all the capitals of America and our Pegasus vehicles circulate on all roads. We are honestly involved in the major competition waged in the New World not only by the United States but also by Japan, Germany, Britain, Canada, France, and Italy. We are no longer merely the mother country, perhaps a little aged, but the young and dynamic sister which has not finished growing and which on tragic occasions, such as the earthquakes of Managua--the disaster of 1972 and the political events of the current period--knows how to help generously because it wishes to and because it can.

There is no better way than to cite statistics. The aggregate figures of Latin American trade in 1978 represent Spanish exports of 93.18 billion pesetas and imports of 116 billion pesetas, that is, nearly as much as our trade with the United States and Canada and one-quarter of our trade with the European Economic Community. Let us present a table for greater detail broken down by countries.

Spanish Foreign Trade with Latin America in 1978
(in millions of Spanish pesetas)

	<u>Imports</u>	<u>Exports</u>	<u>Coverage</u>
Argentina	32,990	12,684	38.4%
Bolivia	500	860	172.0%
Brazil	24,878	8,367	33.6%
Colombia	6,364	6,878	108.1%
Costa Rica	28	2,292	Over 1,000.0%
Cuba	8,101	7,654	94.4%
Chile	5,127	6,601	128.7%
Ecuador	662	2,634	357.1%
El Salvador	4,525	859	19.0%
Guatemala	812	1,042	128.3%
Haiti	28	488	174.3%
Honduras	654	463	70.8%
Mexico	9,352	8,521	91.1%
Nicaragua	398	2,205	554.0%
Panama	2,135	1,991	93.3%
Paraguay	2,096	375	17.9%
Peru	988	1,267	128.2%
Dominican Republic	2,382	1,660	69.7%
Uruguay	1,022	769	75.2%
Venezuela	12,370	26,097	211.0%

There is another chapter of our Hispanic relations in which we have made enormous progress in the past few years beginning with the successful trip of Minister Gregorio Lopez Bravo across nearly the whole of America. What is involved is technical cooperation and the transfer of technology, highly suitable among peoples speaking the same language, having an identical mentality, and similar development. Basic agreements of cooperation with Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, the Dominican Republic, Ecuador, Guatemala, Nicaragua, Paraguay, Peru, Uruguay, and Venezuela have been signed and others are being prepared with Mexico and Cuba. Spain has 16 special social cooperation agreements with as many other countries and about 50 complementary agreements in specific sectors which I shall list briefly.

With Argentina we have agreements relating to health, hygiene, and veterinary hygiene, roads, and atomic energy. With Bolivia we have agreements relating to professional training. With Brazil, atomic energy, irrigation, hygiene, and and veterinary hygiene. With Costa Rica, professional training in the maritime-fishing field and assistance to the National Training Institute. With Chile, tourism, atomic energy, professional training, and assistance to the Federico Santamaria Technical University. With the Dominican Republic, tourism and professional training. With Ecuador, tourism, hydroelectric resources, irrigation, mining resources, atomic energy, and professional training. With Guatemala, professional training. With Honduras, tourism. With Nicaragua, tourism and professional training including the establishment of a genuine

Nicaraguan Labor University. With Panama, professional training. With Paraguay, tourism and professional training. With Peru, atomic energy, tourism, professional training, and data-processing. With El Salvador, tourism and professional training. With Uruguay, tourism and advice to the Ministry of Labor. With Venezuela, tourism, the professional training of 5,000 reservists who are coming to Spain for internships, hydraulic resources, the training of instructors, intermediate-level cadres and maritime-fishing personnel, and the establishment of the National Organization of Instructors. I stress the extent of this cooperation with Venezuela.

Technical assistance is occurring mainly through the Ministry of Foreign Affairs which has a general directorate for the purpose. In 1978 said assistance which generates an extraordinary "multiplier effect" involved 87 million Spanish pesetas because technicians in all civilian and military specialties were sent to Ecuador, Cuba, Peru, Venezuela, Brazil, Argentina, Uruguay, Nicaragua, Mexico, and other countries, in addition to the seminars on railroad, tourism, meteorology, business administration, and other subjects held in Spain. Experts are constantly being dispatched and scholarship holders welcomed in Spain. There are some 100 scholarships for the armed forces. Feasibility studies are being sponsored, and the promotional activities of technical consulting firms consolidated within Tecniberia [Iberian Technical Enterprise], a well-known name throughout Latin America, are encouraged.

On its part our Ministry of Labor, beginning in 1969, has sent to America 482 experts and received in Spain 702 scholarship-holders and 85 executives. It has cooperated in the training, in various American institutions, of more than 100,000 technicians, 9,000 instructors, and 300 counterparts of our experts. At this time Spain is assisting 14 countries with 29 programs and is training 32,000 technicians and 2,200 supervisors. Its investment this year is \$2.65 million whose real value aggregates \$7.95 million. Our teachers and technicians, it can be said without exaggeration, are today involved in nearly all national and international organizations for training, technology, productivity, tourism, craftsmanship, fishing, social security, and other fields, practically across the working world of sister countries. Specifically, the program of the 5,000 Venezuelan reservists involves for us a budget of 5 billion Spanish pesetas charged to the Venezuelan Government. Our cooperation with Mexico and Brazil, two giants in America, will in the next few years reach an extraordinary degree if Spain continues to work in peace.

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CFO: 3110

CP PAPER CRITICIZES USSR POLICY IN SIGNING 1939 STALIN-HITLER PACT

London MORNING STAR in English 23 Aug 79 p 2 LD

[Article by Denis Ogden: "Shock When Stalin Signed With Hitler"]

[Excerpts] Today marks the 40th anniversary of one of the most controversial episodes in the history of Soviet foreign policy--the signing of the Soviet-German non-aggression pact of August 23, 1939.

The pact, accompanied by a secret protocol on the delimitation of spheres of influence in Eastern Europe which paved the way for the partition of Poland between Germany and the Soviet Union, caused shock and bewilderment among those who had campaigned for collective resistance to Nazi aggression during the 1930's.

Like many Western leaders--but with less excuse--some Soviet leaders were "slow" to grasp the real nature of Nazism. They were influenced by recollections of the early post-revolutionary years when Britain and France had been the main enemy, while Germany and Soviet Russia--the two outcast states of Europe--had been able to establish a special relationship.

"We are far from being enthusiastic about the fascist regime in Germany," Stalin told a Soviet Communist Party congress shortly after Hitler's accession to power. But he went on to argue that "fascism is not the issue here, if only for the reason that fascism in Italy, for example, has not prevented the USSR from establishing the best relations with that country."

Stalin's cool "fascism is not the issue here" was in sharp contrast to the passionate denunciation of the "bestial philosophy" of Nazism which Buk-Harin, later to die a victim of Stalin's purges, delivered from the same platform. Spotlighting Hitler's anti-communism, Buk-Harin pointed to the Fuehrer's demands for "living space" in the East and his "open call for the destruction of our state."

Munich strengthened the hand of those who argued that Soviet interests would be served by a normalisation of relations with Germany. The signing of the pact, which followed several months of exploratory sounding (like the British, the Soviet side had kept its options open) marked their ascendancy.

Soviet historians depict the pact (they do not mention the secret protocol) as the only solution possible in the circumstances. They see it as preventing an anti-Soviet line-up of Britain, France and Germany, and as giving the Soviet Union a 22-month respite in which to build up its defences before the German invasion in June 1941.

Negotiations

But other solutions were possible, including continued negotiations with Britain and France. Full advantage was not taken of the respite, as the setbacks suffered by the Soviet army in the first months after the German invasion were to demonstrate.

That full advantage was not taken was in large measure due to the purges which had destroyed the flower of the Soviet army's leadership and seriously disrupted the country's defence industries.

It was in fact Nazi Germany which emerged as the main beneficiary of the respite, in that when it launched its invasion of the Soviet Union it was able to do so after winning control of almost the whole of continental Europe.

The pact and the policies which it symbolised had disastrous consequences for the Soviet Union and its people. They had disastrous consequences too for the international communist movement, for a time blunting the edge of its resistance to Nazism.

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